Deficit Aversion

Mercantilist ideas and individual trade preferences

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Abstract

What factors affect trade preferences? This article focuses on current-account balances, which despite being de-emphasized by mainstream economic theory, play an outsized role in political rhetoric regarding the costs and benefits of free trade. This article shows that individual preferences over trade openness reflect the mercantilist belief that when a country is running a current-account deficit, trade reduces that country's aggregate employment prospects and diminishes its status on the world stage. This article shows that current-account balances are an important driver of individual trade preferences. The theory's predictions are borne out by hierarchical analysis of cross-national observational survey data, and further supported by the results of an original survey priming experiment in the United States. These results contribute to a growing literature emphasizing the effect of macroeconomic factors on preferences.

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Introduction

What factors affect attitudes toward free trade? The neoliberal consensus that the localized losses created by free trade can be rectified by redistributing its aggregate gains has become increasingly untenable in the face of evidence that the dislocation caused by foreign competition drives support for illiberal positions that undermine global integration and democracy itself (Ballard-Rosa et al., 2021; Bisbee et al., 2020; Dorn et al., 2020; Rickard, 2022; Walter, 2021). The inadequacy of efforts to compensate those negatively affected by trade drives support for right-wing politicians opposed to social protections (Kim and Pelc, 2021a,b), further undermining the conditions for embedded liberalism (Barnes, 2020; Dean, 2015). Moreover, in the United States, political rhetoric and popular opinion reflects the perception that trade hurts workers, benefits geopolitical rivals (Carnegie and Gaikwad, 2022; DiGiuseppe and Kleinberg, 2019; Flynn et al., 2022) and that dependence on foreign suppliers can be a source of national vulnerability (Farrell and Newman, 2019). This belief manifests in political rhetoric and public opinion as a concern with current account deficits. This article demonstrates, using cross-national evidence and an original survey experiment in the United States, that current account balance is an important determinant of how individuals assess the benefits and costs of free trade.

International trade offers important opportunities, both in its own right and as part of national economic strategies (Greenwald and Stiglitz, 2014; Manger and Sattler, 2020). How, then, should trade policies be crafted to avoid popular backlash? This article contributes to a growing body of literature (Gaikwad and Suryanarayan, 2021; Kim and Margalit, 2021; Mutz et al., 2021a; Naoi and Kume, 2015; Owen, 2017; Owen and Johnston, 2017) exploring how individual trade preferences respond to considerations of how trade would affect groups

of concern or the nation as a whole. This article demonstrates that members of the public use a mercantilist heuristic to evaluate the costs and benefits of trade, with the current account balance influencing whether they consider trade to be helpful or harmful to the nation's interests.

This focus on the current account balance is a departure from the mainstream economic consensus[1] (Caves et al., 2007; Krugman et al., 2012; Lastrapes, 2018), according to which a deficit in the current account balance is a mechanical outcome of the accounting relationship between national consumption and production. Talking about the deficit is seen by many economists as a distraction from a more relevant conversation about maximizing the efficiency gains from trade while ameliorating the consequences for workers in disadvantaged sectors.

And yet, politicians do talk as if trade deficits matter, and voters seem to respond. In June of 2016, a prominent US presidential candidate addressed a crowd in Monessen, PA, a depressed former steel town near Pittsburgh:

> "Massive trade deficits subtract directly from our gross domestic product . . . . Today, we import nearly $800 billion more in goods than we export. We can't continue to do that. This is not some natural disaster, it's a political and politician-made disaster . . . . We allowed foreign countries to subsidize their goods, devalue their currencies, violate their agreements and cheat in every way imaginable, and our politicians did nothing about it. Trillions of our dollars and millions of our jobs flowed overseas as a result . . . . A Trump Administration will end that war by getting a fair deal for the American people. The era of economic surrender will finally be over." (Time, 2016).

The crowd responded enthusiastically, and in November, the county favored that candidate by more than 30 percentage points. Moreover, while trade[2] deficits have recently attracted

[1] A considerable diversity of opinion exists within the economics profession. The "consensus" referred to here is the position expressed in leading textbooks and in public-facing statements by prominent scholars.

[2] Trade balance refers to the net flow of goods and services, while the current account balance also includes

renewed attention, they have long been a salient issue. In the 1980s, Dick Gephardt, a Missouri representative, made trade deficits the centerpiece of his bid for the Democratic nomination. His trademark initiative, the "Gephardt Amendment", would have required countries running "excessive" bilateral trade surpluses with the United States to drastically cut those surpluses. In both cases, the trade deficit itself was seen as the problem. This focus continues, with a June 2022 press release from President Biden trumpeting a narrowing of the trade deficit as positive news for his economic plans to "make more in America" (The White House, 2022).

This focus on trade or current-account deficits or surpluses as the barometer of the effects of trade is puzzling from the viewpoint of mainstream economics, but it makes perfect sense when viewing trade through the lens of mercantilism. Mercantilism is a belief in "promoting a favorable balance of trade as the best method to increase the wealth of a nation" (LaHaye, 2008). While mercantilism has been discounted by mainstream economists since Adam Smith, my claim is that its central contentions continue to be reflected in popular conceptions of the costs and benefits of trade, and its narrative thread runs strongly through contemporary debates. Trade deficits are a key aspect of media coverage and elite speeches regarding trade (Guisinger, 2017).

This article argues that the current account balance affects trade preferences; residents of countries running deficits tend to be more protectionist relative to residents of surplus countries. Figure 1 provides face validity for this claim by demonstrating a strong negative relationship between current-account surplus and protectionist sentiments, using data from the World Bank's World Development Indicators, and from the 2013 and 2003 waves of the International Social Survey Programme (ISSP).

income and transfers.

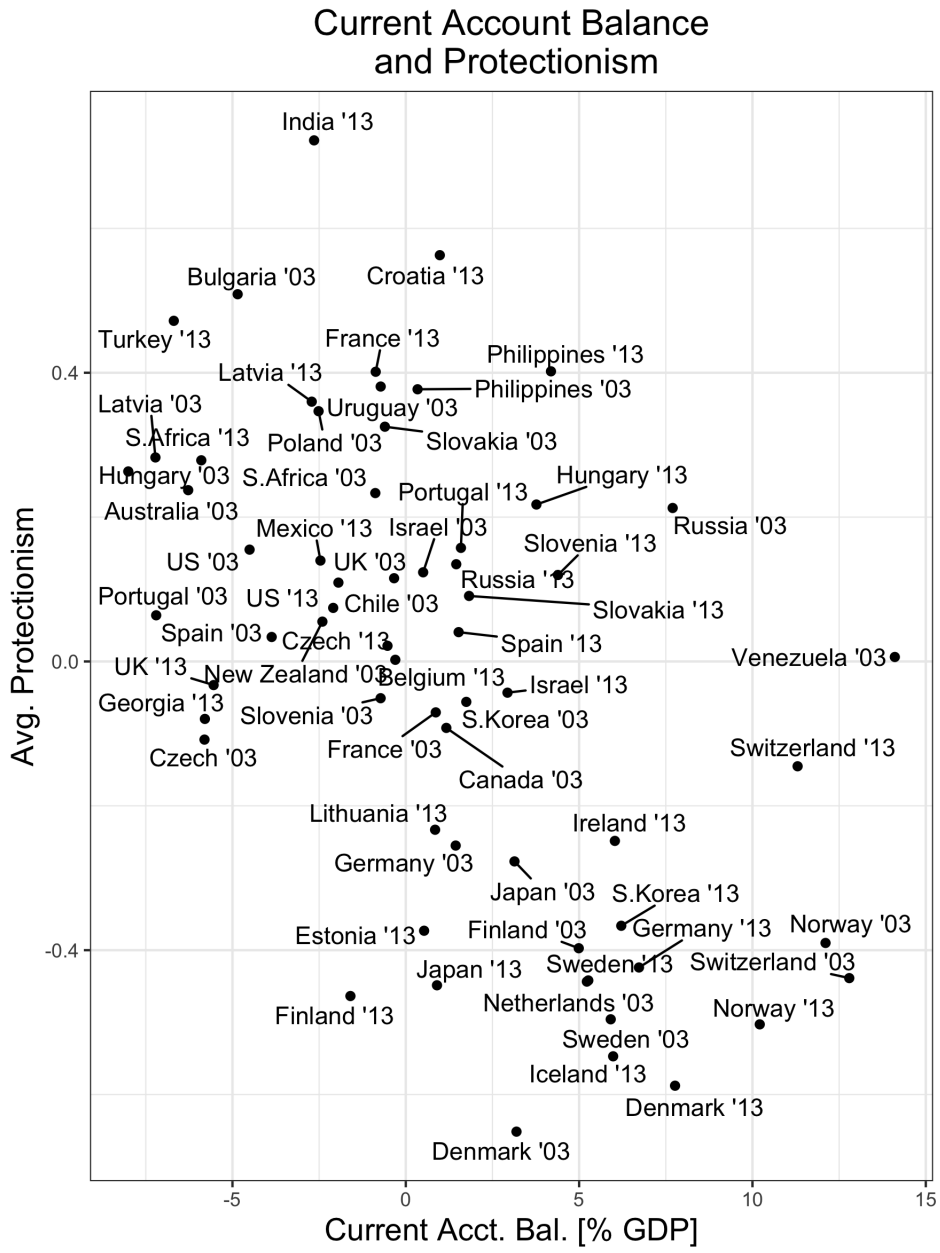

Figure 1: Relationship between current account balance and protectionism on ISSP. Protectionism is increasing with current account deficits.

This argument is consonant with an established body literature viewing individual preferences over free trade as a function of its perceived effects on aggregate outcomes (Ahlquist et al., 2014; Fordham and Kleinberg, 2012; Hainmueller and Hiscox, 2006; Lü et al., 2012; Mansfield and Mutz, 2009; Margalit, 2012; Mayda and Rodrik, 2005; Mutz and Kim, 2017).

The current-account balance affects individual preferences through its perceived effects on aggregate employment outcomes and national status. While others have highlighted the importance of current-account or trade balance for trade politics (Guisinger, 2017; Kolev, 2019; McKibben and Taylor, 2020; Melgar et al., 2013), I am the first to establish a causal relationship, using a survey experiment, and to elucidate the causal pathways, using mediation analysis. This contribution sheds light on the heuristics that inform individual assessments of the effects of trade. This in turn helps to understand public demand for protectionism, which has become particularly salient during the current backlash against globalization.

The argument proceeds as follows. First I site the present study within the literature in international political economy on individual trade preferences. Next, I trace the trajectory of mercantilism and demonstrate how it has continued to influence policy debates despite its apparent eclipse by modern economic theory. Finally, I present empirical results, from a cross-national observational study and from an original survey experiment, demonstrating that current-account deficits make people more protectionist, and that the effect is mediated both by concerns about aggregate employment prospects and about national status.

Formation of Trade Preferences

The starting point in understanding individual preferences over free trade are the classic economic models of its distributive consequences: the Heckscher-Ohlin factor-endowments model, and the Ricardo-Viner specific-factors model. Taken together, these models form the theoretical basis for a body of literature that places the locus of individual trade preferences within individual economic outcomes (Mayda and Rodrik, 2005; Scheve and Slaughter, 2001). Trade creates aggregate benefits but localized losses, and a person's support for trade is affected by whether she will be the one bearing the cost.

This understanding of trade preferences as being informed by the individual's own place in the economy is increasingly complemented by one emphasizing the perceived effects of trade on aggregate outcomes (Guisinger, 2017; Mutz, 2021; Rho and Tomz, 2017), at the levels of communities, ethnicities, or nations.[3] According to Mansfield and Mutz (2009, p. 432), "Citizens tend to process personal-level experiences and concerns in a fashion that compartmentalizes them from the political world. Collective-level information, on the other hand, is more easily linked to government policy." By this logic, the key drivers of trade preferences are "perceptions of how the U.S. economy as a whole is affected by trade." Likewise, Hainmueller and Hiscox (2006) find that exposure to the economic idea that trade benefits national income increases support for trade. In addition to the national economy, trade preferences are driven by perceptions of how trade affects national security and national status relative to geopolitical rivals (Carnegie and Gaikwad, 2022; DiGiuseppe and Kleinberg, 2019).

[3]For a contrary view, stressing individual over aggregate factors, see Jamal and Milner (2019) and Schaffer and Spilker (2019).

The aggregate outcome of interest might also be the status of particular groups within society, such as certain ethnic groups (Gaikwad and Suryanarayan, 2021; Mutz et al., 2021b) or income levels (Lü et al., 2012), rather than that of the economy as a whole. Moreover, intermediate groups form a bridge between the individual and the society as a whole, blurring the line between individual and sociotropic incentives. Fordham and Kleinberg (2012) find that "the close relationship between individual economic interests and the interests of the groups in which individuals are embedded creates indirect pathways through which one's position in the economy can shape individual trade policy preferences." These intermediate groups can also shape individual preferences through organizational socialization, as in the case of unions (Ahlquist et al., 2014). Finally, the aggregate outcomes of interest might be non-pecuniary factors such as "values, identities, and attachments" (Mayda and Rodrik, 2005), exposure to other cultures (Margalit, 2012), or desire to help or harm particular groups (Mutz and Kim, 2017).

Several studies have highlighted the importance of the trade or current account balance for trade politics (Guisinger, 2017; McKibben and Taylor, 2020; Pond, 2018). Of particular relevance to the present study are Melgar et al. (2013) and Kolev (2019), who find that, cross-nationally, citizens of countries with higher trade deficits tend to have more protectionist attitudes. These studies demonstrate that trade balance plays a role in elite messaging around trade, and that it seems to be reflected in preferences and voting behavior. However, these studies do not establish a causal relationship between trade balance and individual preferences, nor do they definitively establish the particular mechanisms by which preferences are affected.

The present article contributes to the literature that holds that individual preferences over trade policies are driven by perceptions of how those policies affect aggregate economic out-

comes of interest. The contribution is to show that the national current account balance conditions individuals' beliefs about whether trade is helpful or harmful, specifically to aggregate employment prospects and national status. This is not to argue that considerations of the current account balance are separate from concerns over other aggregate economic outcomes, such as jobs, but rather to show that individuals' perceptions of the effects of trade openness on aggregate outcomes such as employment or national status are themselves informed by the national current account balance.

Mercantilism Then and Now

Why should anyone care about current account deficits? According to the mainstream economic consensus, a current account deficit is not inherently bad: all it means is that a country is consuming more than its income. This view, based on rational expectations, holds that forward-looking households and firms optimize their investment and consumption over time in accordance with efficient allocation of resources; the resulting current-account balance therefore reflects the optimal path of intertemporal consumption decisions (Obstfeld, 2012). In order for payments to balance, a current account deficit is coupled with a capital account surplus, i.e. an inflow of capital into the country as foreigners buy domestic financial instruments.

Under the Bretton Woods system, persistent deficits could result in balance of payments crises that forced governments to undertake periodic episodes of contractionary austerity (such as in the UK's "stop-go" economy of the 1950s.) In the present system of floating exchange rates, however, the exchange rates adjust so as to maintain the balance of payments

(Krugman et al., 2012; Oatley, 2011).[4]

Many economists argue that the US current account deficit is caused by structural factors. The growth potential, financial sophistication, and sheer size of the US economy make it an attractive place for foreigners to invest, facilitating capital inflows. Moreover, the dollar's status as the de facto global reserve currency increases demand for dollars and props the currency up, making American exports more expensive for foreigners and imports cheaper for Americans, which weighs on the current account balance.

Other explanations for the US current account deficit concern global growth trends. One such explanation is that the US economy has often grown faster than those of its trading partners. Given equal propensities to import, faster growth in the home country leads to trade deficits, as imports at home grow faster than sales abroad. A related story is that the United States tends to trade in goods with low income elasticities, relative to its trading partners. As the world economy grows and incomes rise, demand rises faster for goods with higher income elasticities, leading to a secular trend toward US deficits (Caves et al., 2007).

Current account deficits can be financed, either by running down the central bank's reserves of foreign currency, or by allowing foreigners to accumulate private claims on assets within the country. This buildup of debt, while increasing foreign obligations, is not necessarily a bad thing, if the accompanying capital account surplus is used for income-generating capital investments that increase future national income. If a country wishes to reduce or reverse a current account deficit, it can reduce demand for imports by running a tighter fiscal policy, cutting state spending and/or raising taxes. Another possibility is to make its

[4]In the context of the Eurozone, a common currency implies that competitive devaluations within the bloc are impossible, leading to persistent deficits in the periphery. However, insofar that this situation is synonymous with an influx of capital, it could have the effect of improving returns to labor in the long run.

exports cheaper by reducing domestic wages. Finally, it can devalue its currency to reduce the quantity of imports and increase the quantity of exports (ibid).

According to this view, a current account deficit may or may not be desirable, depending on attitudes toward the accompanying capital inflow and accumulation of foreign obligations. However, it is not considered to be the primary measure of the utility of trade. As one textbook summarizes, "economists from Adam Smith on have proclaimed that economic welfare ultimately depends on the goods available for the nation's use and not on the money earned from exporting" (ibid).

The picture is further complicated by the internationalization of corporate supply chains. The majority of US imports are inputs rather than finished goods, and are turned into exports. Any effort to restrict imports would weigh on exporters who rely on imported raw materials and imported inputs, making the effect on the trade balance ambiguous and imposing costs on manufacturers (ibid).

Mainstream economic theory does provide a basis for protective tariffs under certain circumstances. When an industry is subject to increasing returns, its marginal cost is lower for higher levels of production. If an industry is starting from scratch in a particular country, its production will be low at first, making it difficult to compete with foreign firms. However, if the domestic market is protected by foreign competition, the domestic industry could grow to sufficient size to reduce its costs enough to become internationally competitive (Stiglitz and Greenwald, 2014). The strategy of protecting a domestic market to allow domestic industries to grow is called infant industries protection.[5] While this provides a basis in theory

[5]Specifically, this term applies under dynamic economies of scale, when marginal cost declines with cumulative production.

for temporary protection under certain circumstances, economics textbooks stress that this strategy is often impractical in practice, because it is difficult to predict whether an industry's costs will fall sufficiently at higher levels of production (Krugman et al., 2012), and because domestic markets are often inadequate to allow sufficient scale; thus in practice, the "temporary" protection often turns into permanent rents for inefficient but politically well-connected firms (Caves et al., 2007). Another argument, from economic geography, holds increasing returns and transportation costs can give rise to an industrial "core" that sells finished goods to an agricultural "periphery", and that temporary tariffs could be useful to ensure that the home nation becomes the "core" (Krugman, 1991). It bears noting that these justifications for protectionism rest on the cost structures of particular industries, rather than the overall level of imports versus exports, and so are not mercantilist ideas. Moreover, they provide a basis for temporary protection in newly industrializing countries, and are not applicable to established industries in developed countries.

In political science, a statist school (Amsden, 1989, 2001; Evans, 1995; Wade, 1992) offered a counterpoint to neoliberal economists. According to this view, "development states", particularly in East Asia, achieved unprecedented growth rates through a deliberate state-led strategy involving the judicious use of protectionism, along with policies to address supply constraints, suppress the demands of labor, and obtain technology transfers from international firms as a condition for market access, combined with the "ruthlessness" (Kohli, 2004) to allow firms to fail if they did not meet competitiveness benchmarks. This viewpoint, which gives a prominent place to protectionist policies to allow development of exporting industries, is not quite mercantilist, as the goal is to move up the value chain to higher value-added industries and ultimately increase GDP per capita, rather than to run a current-account surplus for its own sake.

Another view holds that current-account balances reflect national growth models (Baccaro and Pontusson, 2016; Ferrara et al., 2021). and wage-setting institutions. According to this view, persistent current-account deficits are consistent with a growth model emphasizing financial account surpluses, with foreign capital financing productive domestic investment that creates income to pay off foreign obligations in the future. Meanwhile, current-account surpluses are consistent with a growth model based on industrial competitiveness, whereby wage restraint, conservative fiscal and monetary policy, and industrial know-how give rise to internationally competitive firms that generate persistent surpluses. This is further enabled by coordinated wage-setting institutions that limit wage gains in exporting industries (Manger and Sattler, 2020).

In contrast to the mainstream consensus that current account deficits, particularly in the case of the US, should not be of primary concern, the old doctrine of mercantilism holds that the main purpose of international trade should be to maintain a positive trade balance. The idea is summed up in a statement from 1664 by Thomas Mun, director of the East India Company, that the "means therefore to increase our wealth and treasure is by Foreign Trade, wherein we must ever observe this rule; to sell more to strangers yearly than we consume of theirs in value" (Mun, 1968).

Mercantilism holds that the purpose of a current account surplus is threefold. First, excessive imports were blamed for low demand for domestic products and resulting unemployment, as evinced by a tract dating to the 1530's:

> "By reason of great abundance of strange merchandises and wares brought yearly into England hath not only caused scarcity of money, but hath destroyed all handicrafts, whereby great number of common people should have works to get money to pay for their meat and drink, which of very necessity must live idly and beg and steal." (Heckscher, 1935)

Second, the accumulation of reserves could be used to "carry on foreign wars, and to maintain fleets and armies in distant countries" (Smith, 1937), or in other words to augment the nation's military status relative to other powers. Third, by increasing the domestic money supply, it reduces the domestic interest rate, and thereby facilitates capital investments.

Mercantilistic policies were the order of the day among the European powers roughly from the 16th century, when the exploitation of colonial resources made international trade a more salient dimension of interstate rivalry, until the early 19th century, when laissez-faire policies came into practice (LaHaye, 2008). However, mercantilist influence remained in effect even in liberal Great Britain, as evidenced by the steep tariffs on imported grain instantiated by the Corn Laws from 1815-1846. Mercantilistic considerations also played in the nascent United States. Alexander Hamilton, in his influential 1791 tract "Report on Manufactures," advocated tariffs on manufactured goods; his opponents, the Jeffersonian Republicans, supported even higher tariffs (Irwin, 2004).

As demonstrated by the examples cited earlier of Gephardt, Trump, and Biden, politicians from very different parts of the political spectrum continue to draw on mercantilist ideas in contemporary political discourse. How are we to understand the persistence of mercantilist thought in the popular imagination? As Eli Heckscher (namesake of Heckscher-Ohlin trade theory) explains, "fear of goods", or the belief that imports suppress domestic economic activity, is "obvious", and is a natural position for the "person in the street":

> "If, then, the underlying attitude towards money and the material from which money was created did not alter in the period between the Crusades and the 18th century, it follows that we are dealing with deep-rooted notions. Perhaps the same notions have persisted even beyond the 500 years included in that period. . . . With the exception of the period of laissez-faire, no age has been free from these ideas. It was only the unique intellectual tenacity of laissez-faire that for a time overcame the beliefs of the 'natural man' on this point. It required the unqualified faith of doctrinaire laissez-faire

> to wipe out the 'fear of goods' . . . [which] is the most natural attitude of the 'natural man' in a money economy. Free Trade denied the existence of factors which appeared to be obvious, and was doomed to be discredited in the eyes of the man in the street as soon as laissez-faire could no longer hold the minds of men enchained in its ideology." (Heckscher, 1935)

My contention is that Heckscher is correct, and that mercantilistic views continue to inform the economic worldview of the "person in the street." Moreover, following Heckscher, I argue that this heuristic is derived from an individual's common sense and personal economic circumstances, not necessarily from familiarity with old (and now mostly obscure) economic literature. This line of reasoning holds a national economy to be analogous to a household (Barnes and Hicks, 2020); if prolonged deficits are potentially ruinous for the latter, then likewise deficits (whether fiscal or trade) must be a matter of grave concern for the national economy as well. The household analogy meets the criteria of applicability, accessibility, and plausible applicability (Chong and Druckman, 2007), making it an attractive heuristic for understanding an otherwise complex topic that is far removed from most individuals' lived experiences. This belief is reinforced by elite messaging from the media and politicians (Guisinger, 2017).

A related reason for individuals to be concerned about negative current account balance is that the term "deficits" is often used interchangeably in the media and the discourse to refer to trade deficits and to fiscal deficits, causing people to conflate the two.[6] At a meeting with President Moon of South Korea in June 2017, the US president remarked, "The United States has trade deficits with many, many countries, and we cannot allow that to continue . . . . For many, many years the United States has suffered through massive trade deficits; that's why we have $20 trillion in debt." The former US president is likely not the only

[6]Though conceptually distinct, the fiscal and current account balances may be correlated through the twin deficits phenomenon: an increase in net government spending will theoretically increase imports without increasing exports, reducing the current account balance.

person to conflate current-account with fiscal deficits.

While mercantilistic concerns over the current account balance are out of step with the mainstream economic position, these views are not necessarily "wrong" or "irrational." We have seen there are several well-established theoretical perspectives under which concerns with deficits can be rational and sensible. This article contends that mercantilist views are a significant driver of popular attitudes toward trade, and thus should be taken into account.

Theory

The theory linking mercantilistic beliefs to trade preferences is straightforward. In addition to their individual outcomes, people care about the aggregate outcomes of trade, such as economy-wide employment prospects, and the status of the nation on the world stage.[7] Mercantilistic beliefs posit that the effect of international trade on these aggregate outcomes depends on the current-account balance: trade is hurting the country when this balance is in deficit, and helping when in surplus. This manifests as higher support for tariffs and other forms of protection in deficit countries, in order to reduce the deficit.

The role of mercantilist ideas in individual preference formation is as follows. Ideas are "beliefs about cause-and-effect relationships," following Hainmueller and Hiscox (2006, p. 473). Mercantilism is the idea that trade deficits (surpluses) have bad (good) effects on aggregate outcomes, namely labor market prospects and national status. By this logic, a trade deficit means that goods which would otherwise be produced domestically are instead

[7]Sociotropic concerns, including those regarding deficits, are *one* of many factors affecting preferences.

being imported, causing a reduction in domestic production. This is thought to be bad for employment prospects, because there are fewer goods being produced domestically and therefore less demand for labor. Moreover, it is believed to be bad for national status, because the country becomes dependent on others for important goods, as well as for the capital inflows necessary to finance the deficit. Therefore, an individual who holds mercantilist beliefs is apt to prefer policies that reduce trade deficits or increase surpluses. In a country that is running a trade deficit, a protectionist policy would have the object of reducing the magnitude of the trade deficit, by reducing imports.[8]

Individuals can come to hold mercantilist ideas in different ways. First, such ideas may occur to individuals themselves in their own ab initio reasoning about trade (Heckscher, 1935); the notion that it is problematic to spend more than you earn may seem like common sense, and is analogous to their own experience with a household budget (Barnes and Hicks, 2020). In addition, people may encounter these ideas through framing and agenda-setting effects (Cacciatore et al., 2016) via partisan messaging and media presentations, in which elites often frame gains or losses from trade in terms of surpluses and deficits (Ferrara et al., 2021; Guisinger, 2017).

If a substantial proportion of individuals do hold mercantilist beliefs, and if people are to some extent aware[9] of their country's current-account balance, then we would expect the following hypothesis to hold.

Hypothesis 1. Individuals who reside in countries that are running current-account deficits

[8]Strategies to increase exports, such as subsidies, could also be favored by mercantilists. The present study focuses on protection because this is a salient political dimension and because protectionist preferences are measured on major international surveys like the ISSP.

[9]Trade balances receive substantial media attention (Ferrara et al., 2021; Guisinger, 2017), so it is plausible that many people know at least whether their country is in surplus or deficit.

tend to be more protectionist than individuals who reside in countries that are running current-account surpluses.

Hypothesis 1 can be tested with observational data, but to further confirm the theory, it would be preferable to establish causal identification and rule out confounding variables. My claim is that a mercantilist logic is a common schema or mental model among members of the public. Among people who hold such a schema, presenting factual information about the magnitude and direction of the trade or current account balance should increase respondents' reference to the analogy by raising its accessibility Barnes and Hicks (2020); Cacciatore et al. (2016). As such, an information priming experiment can measure whether a crypto-mercantilist schema is widely held by members of the public. These considerations give rise to Hypothesis 2:

Hypothesis 2. Individuals who are living in a country that is running a current-account deficit tend to become more protectionist when the sign and magnitude of the balance are brought to their attention.

We have seen how mercantilism's concern regarding the current account balance is based on its effects on employment and on the status of the nation relative to other powers. People who view trade policy through a mercantilist heuristic believe that trade is good (bad) for their nation's aggregate employment and national status when the country is running a surplus (deficit). Another way of expressing this is that a mercantilist's concern about the current account balance is mediated by its effects on aggregate employment and on national status.

Hypothesis 3a. The effect of the current account balance on individual trade preferences

is mediated by concern about the effect of current account balance on aggregate employment prospects.

Hypothesis 3b. The effect of the current account balance on individual trade preferences is mediated by concern about the effect of current account balance on national status.

Hypothesis 1 is tested with cross-national survey and economic data, while Hypotheses 2 and 3 are tested with an original survey experiment in the United States. The US is an important case because of its large population, prodigious economy, and outsized role in maintaining the institutions of the liberal international order (Farrell and Newman, 2019). Moreover, its current-account deficit (2% of GDP in 2013 and 4.5% in 2003) place it roughly midpack among the deficit countries, which bodes well for external validity.

Observational Empirics and Results

I test these hypotheses using two separate datasets. The first is from the 2013 and 2003 waves of the International Social Survey Programme (ISSP), a cross-national survey, merged with national macroeconomic data from the World Bank's World Development Indicators (WDI). The 2013 and 2003 ISSP survey waves were chosen for this study because they include questions on trade preferences; Table 1 shows the number of respondents from each country for both waves. The second is an original survey experiment conducted on a convenience sample recruited through Amazon's Mechanical Turk (MTurk). The Appendices contain summary statistics for this data sets (Tables A.1, A.2, A.3, and B.1).

ISSP Data

The question used to measure protectionist preferences is as follows: "[Country] should limit the import of foreign products in order to protect its national economy."[10] The responses to each question are on a five-point scale from "Agree strongly" to "Disagree strongly." I map these responses to an integer scale from 2 to -2. Responses of "Can't choose" or "No answer" are mapped to NA. The distributions of the answers are shown in the Appendix (Figure A.1).

The survey observations from each country, as shown in Table 1, are weighted by the country's population at the time of the survey wave, divided by the number of responses from that country that are present in the data. This is done because the ISSP over-samples small coun-

[10]Because these questions appeared on a cross-national survey, the text "[Country]" appeared on the questionnaire as the name of each respondent's country.

Table 1: Respondent countries from ISSQ

Country	2003	2013	Total
Australia	2183	0	2183
Austria	1006	0	1006
Belgium	0	2202	2202
Bulgaria	1069	0	1069
Canada	1211	0	1211
Chile	1505	0	1505
Croatia	0	1000	1000
Czech Republic	1276	1909	3185
Denmark	1322	1325	2647
Estonia	0	1009	1009
Finland	1379	1243	2622
France	1669	2017	3686
Georgia	0	1498	1498
Germany	1287	1717	3004
Hungary	1021	1007	2028
Iceland	0	1082	1082
India	0	1530	1530
Ireland	1065	1215	2280
Israel	1218	1204	2422
Japan	1102	1234	2336
Korea, Rep.	1315	1294	2609
Latvia	1000	1000	2000
Lithuania	0	1194	1194
Mexico	0	1062	1062
Netherlands	1823	0	1823
New Zealand	1036	0	1036
Norway	1469	1585	3054
Philippines	1200	1200	2400
Poland	1277	0	1277
Portugal	1602	1001	2603
Russian Federation	2383	1516	3899
Slovak Republic	1152	1156	2308
Slovenia	1093	1010	2103
South Africa	2483	2739	5222
Spain	1212	1225	2437
Sweden	1186	1090	2276
Switzerland	1037	1237	2274
Turkey	0	1666	1666
United Kingdom	873	904	1777
United States	1216	1274	2490
Uruguay	1108	0	1108
Venezuela, RB	1199	0	1199
Total	43977	43345	87322

tries; for example, Iceland and India have similar numbers of respondents. The responses are additionally weighted by the demographic weights included in the ISSP dataset.

World Bank Data

The macro-level economic data is taken from the World Bank's WDI. I use current account balance as percentage of GDP; positive values indicate a surplus. GDP per capita is expressed in contemporary US dollars. Tariff rates are the applied rates over all products, weighted by the share of imports from each partner country. The macro-level indicators are contemporaneous with the survey data. The macrodata is shown in the Appendix (Table A.4).

Empirical strategy for ISSP-WDI data

The ISSP-WDI observational data is used to test Hypothesis 1. Multilevel models are used to account for the hierarchical nature of the data, with individual observations grouped within country-years. This partial-pooling approach allows for the inclusion of a group-level intercept that can account for variation not captured by the included controls (Gelman and Hill, 2006). Individuals (the first level of the model) are grouped on the basis of country-years (the second level of the model), which is the level at which current account balance varies. The first level of the model is written as

$$y_i \sim N(\alpha_{j[i]} + \boldsymbol{\beta x_i}, \sigma_y^2) \tag{1}$$

where y_i is individual-level protectionism, $\alpha_{j[i]}$ is a group-level intercept, $\boldsymbol{x_i}$ is a vector of individual-level controls, and $\boldsymbol{\beta}$ is a vector of their coefficients. i is the index corresponding to individuals, while j is the index corresponding to groups.

The second level of the model is

$$\alpha_j \sim N(a_j + \boldsymbol{\gamma u_j}, \sigma_\alpha^2) \tag{2}$$

where a_j is a group-level intercept, u_j is a vector of group-level covariates, including the variable of interest (current account balance), and γ is a vector of their coefficients. The model is estimated in Stata, using the "mixed" command.

Individual observations are weighted according to the survey weights from the ISSP, while groups are weighted according to their share of world population.

Hypothesis 1 predicts that the coefficient on current-account balance should be negative, i.e. that respondents in surplus countries (positive balance) should be less protectionist than those in deficit countries.

Observational Results

Table 2 shows the cross-national relationship between current account balance and protectionist preferences. Model 1 shows the bivariate relationship, while Models 2 and 3 incorporate relevant controls (Nguyen and Spilker, 2019).[11] The coefficient on current account balance is negative and significant, indicating that individuals in surplus (deficit) countries tend to be less (more) protectionist. The metrics for protectionism and current-account balance are both scaled to unit variance; the coefficients can be interpreted as suggesting that a 1-SD increase in current-account surplus is associated with about 0.2 SD's lower protectionism. The substantive effect is substantial, being similar or greater than the scaled effects of employment, income, education, or gender. This result provides support for Hypothesis 1. Table A.6 in the Appendix shows the unweighted results, while Table A.7 shows the results of ordinary least squares regressions, with the standard errors clustered at the country level; the results are robust to these alternative specifications.

Next, to establish that the relationship is causal, and to address the question of mechanisms, we turn to evidence from an original survey experiment.

[11] Model 2 drops the covariates with the most missing data.

Table 2: Observational results: Current Account Balance and Protectionism

	Dependent variable:		
	Protectionism [Scaled]		
	(1)	(2)	(3)
Current acct. balance [Scaled]	-0.275**	-0.211***	-0.207***
	(0.118)	(0.0426)	(0.0470)
Natl Chauvinism [Scaled]		0.171***	0.225***
		(0.0124)	(0.0420)
GDP/c [Scaled]		-0.241***	-0.209***
		(0.0597)	(0.0514)
Female [Y/N]		0.0758**	0.191***
		(0.0366)	(0.0240)
Age [Yrs]		0.00292***	0.00121
		(0.000630)	(0.000798)
Education [Yrs]		0.00256	-0.0144**
		(0.00740)	(0.00581)
Union [Y/N]		-0.0886	0.0458
		(0.104)	(0.0365)
Unemployed [Y/N]		0.0174	0.0783
		(0.0511)	(0.0551)
Top-bot. Self-placement [1-10]		-0.0133***	-0.0139
		(0.00435)	(0.0171)
Right-Party Vote [Scaled]			0.0345
			(0.0266)
Private Employer [Y/N]			0.0481
			(0.0880)
Constant	0.121	-0.124**	-0.139
	(0.103)	(0.0628)	(0.296)
Var(FE)	0.119	0.0368	0.0399
Var(Resid.)	0.771	0.721	0.716
Observations	80749	56705	31429

Standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Experimental Empirics and Results

MTurk Data

Separately from the observational data described above, I conducted an original survey experiment on MTurk, collecting data from 1054 unique U.S. respondents in April 2018. The survey contained a priming experiment in which treated subjects were primed with a vignette intended to remind them of the American current account deficit. Both treatment and control groups also received questions to measure the mediating effects of concern for aggregate employment and national status, after the treatment and before the dependent variables. Demographic questions appeared before the treatment. The balance table for the treatment and control groups is shown as Table 3.

The treatment was as follows. Treated subjects were shown the following text: "Last year, Americans imported \$700 billion ($\$700,000,000,000$)[12] more than we exported. That is more than $\$2,000$ for every person in the U.S. With this in mind, please answer the following questions." The prime was carefully written to ensure that any treatment effect would be the result of increasing the accessibility of the mercantilist schema, rather than the result of negative priming or framing. In particular, the prime avoids the use of the word "deficit," which has negative connotations, and might bring bring the separate issue of fiscal deficits to respondents' minds. The wording corresponds to the definition of trade deficit, as opposed to current account deficit, which is appropriate because flows of goods, rather than investment income or remittances, is how this concept typically enters the discussion. The control group was given no information about trade or current account balances, but was instead shown

[12]This value reflects the balance on goods: https://fred.stlouisfed.org/series/IEABCGA.

the text "We are now going to ask your opinions about international trade. Please answer the following questions."

Table 3: Balance Table for Survey Experiment

	Treated	Control	p
Income [k]	57.34	56.51	0.72
Employed	0.76	0.74	0.44
Private Employer	0.64	0.65	0.59
Patriotism	-0.05	0.05	0.12
Republican	0.24	0.26	0.32
n	525	529	

All respondents were then asked three questions to assess their preferences for free trade. The first two were borrowed from Mansfield and Mutz (2009) and Margalit (2012) respectively: first, "As you may know, international trade has increased substantially in recent years. This increase is due to the lowering of trade barriers between countries, that is, tariffs or taxes that make it more expensive to buy and sell things across international borders. Do you think government should try to encourage international trade or to discourage international trade?" and second, "Do you think that growing trade and business ties of the United States with other countries have made the average American better or worse off?" The third question directly measures the extent to which respondents favored mercantilist policies: "Do you think that the government should adopt policies to increase exports of American-made products, and to decrease imports of foreign-made products?" The distributions of responses are shown in the Appendix (Figures B.1, B.2, and B.3). The three questions were scaled and summed to create a protectionism index, which serves as the main dependent variable.

Before the free-trade variables, but *after* the treatment or control, I include three questions to measure mediating variables. These are used in mediation analysis to ascertain which

mechanism is responsible: concern for aggregate employment prospects, or national status. I also include a question about the effect of trade on the prices of consumption goods. The three mediating questions are as follows: "Please tell me whether you agree or disagree with the following statements: International trade makes it harder for Americans to find good jobs," "International trade reduces the prices of the goods that I buy," "International trade makes our country stronger on the world stage."

Empirical strategy for MTurk data

I use the MTurk survey experiment to test Hypotheses 2 and 3. According to Hypothesis 2, the treatment effect should be positive: people who are reminded of the trade deficit should become more protectionist, as measured by the protectionism index described above. This hypothesis is tested using an ordinary-least-squares regression framework, with the protectionism index regressed on a treatment dummy along with demographic controls.

Hypothesis 3 regards the causal pathways by which the treatment affects trade preferences. According to Hypothesis 3a, the relationship should be mediated by concern for aggregate employment prospects, i.e. the treatment should lead respondents to believe that trade is bad for jobs, and this in turn should turn respondents against trade. According to Hypothesis 3b, the relationship should be mediated by concern for national status: the treatment should induce respondents to think that trade diminishes America's status on the world stage, and in turn to oppose trade.

Hypotheses 3a and 3b are tested by mediation analysis, in which the mediating variables are the responses to "International trade makes it harder for Americans to find good jobs"

and "International trade makes our country stronger on the world stage," respectively. The hypotheses are supported if the estimated average causal mediation effects (ACME) are positive for these mediators.

Experimental Results

Table 4 shows the results from the MTurk survey experiment. With or without controls, the treatment effect of being primed on the current-account balance is positive and significant for protectionism at the 1% level. Because the dependent variable is scaled to have an SD of 1, the treatment coefficient indicates that the treatment causes a 0.2-SD increase in protectionism. Interestingly, the substantive effect of the treatment is at least as large as those of income or patriotism, and is similar to that of partisanship. This finding provides support for Hypothesis 2, which states that residents of a current-account-deficit country should become more hostile to trade when they are reminded of that country's current-account deficit.

Taken together, the results in favor of Hypotheses 1 and 2 provide substantial support for the notion that current account balance has a causal effect on protectionism, with surpluses increasing support for free trade and deficits increasing protectionism. To shed light on the *mechanisms* through which the balance affects trade preferences, we return to Hypotheses 3a and 3b, the former stating that the effect works through concern about unemployment, the latter through patriotism and national status.

I test Hypotheses 3a and 3b by performing mediation analysis (Imai et al., 2010). The results are given in Tables 7 and 8. The average causal mediation effects (ACME) for both mediators

Table 4: Experimental results: Trade Deficit and Protectionism

	Dependent variable:	
	Protectionism Index [Scaled]	
	(1)	(2)
Trade Deficit Treatment	0.19^{***}	0.21^{***}
	(0.06)	(0.06)
Income [k]		-0.003^{***}
		(0.001)
Working		-0.04
		(0.07)
Patriotism Index [Scaled]		0.11^{***}
		(0.03)
Republican		0.33^{***}
		(0.07)
Constant	-0.09^{**}	0.01
	(0.04)	(0.08)
Observations	1,053	1,053
R^2	0.01	0.06
Adjusted R^2	0.01	0.06
Residual Std. Error	1.00 (df = 1051)	0.97 (df = 1047)
F Statistic	9.62^{***} (df = 1; 1051)	13.39^{***} (df = 5; 1047)
Note:		*p<0.1; **p<0.05; ***p<0.01

are highly significant. Moreover, the ACME's for the two mediators are similar, indicating that the two channels are of roughly equal importance.[13] Table 5 shows the relationship between the mediating variables, the treatment, and the dependent variable, while Table 6 shows the effect of the treatment separately on the mediating variables. These results provide support for Hypotheses 3a and 3b.[14]

[13]Consistent estimation of the ACME's relies on the sequential ignorability assumption, which requires that there be no causal relationship between the mediators. In Table B.2 in the Appendix, I show results from the multiple-mediators approach in Imai and Yamamoto (2013), under the assumption that national status is causally downstream from employment. The results are substantively the same.

[14]The results for the mediator "International trade reduces the prices of the goods that I buy" are shown in the Appendix, in Table B.3. These results demonstrate that the treatment is *not* mediated by beliefs about prices; as shown in Table 6, the treatment does not affect respondents' propensity to agree with the statement that trade reduces prices. This result is consistent with Betz and Pond (2018).

Table 5: Protectionism, Aggregate Employment, and National Status. Agreement is coded as higher values for "Trade hurts jobs", and as lower values for "Trade helps status" and "Trade lowers prices".

	Dependent variable:			
	Protectionism Index [Scaled]			
	(1)	(2)	(3)	(4)
Trade hurts jobs	0.53^{***}			0.34^{***}
	(0.03)			(0.03)
Trade helps status		0.23^{***}		0.09^{***}
		(0.03)		(0.02)
Trade lowers prices			0.58^{***}	0.42^{***}
			(0.02)	(0.03)
Trade Deficit Treatment	0.005	0.20^{***}	0.02	-0.06
	(0.05)	(0.06)	(0.05)	(0.05)
Income [k]	-0.001^{**}	-0.003^{***}	-0.002^{***}	-0.001^{*}
	(0.001)	(0.001)	(0.001)	(0.001)
Working	-0.07	-0.02	-0.06	-0.07
	(0.06)	(0.07)	(0.06)	(0.05)
Patriotism Index [Scaled]	0.002	0.10^{***}	0.16^{***}	0.07^{***}
	(0.03)	(0.03)	(0.03)	(0.03)
Republican	0.14^{**}	0.32^{***}	0.16^{**}	0.08
	(0.06)	(0.07)	(0.06)	(0.06)
Constant	0.10	-0.02	0.12^{*}	0.13^{**}
	(0.07)	(0.08)	(0.06)	(0.06)
Observations	1,053	1,053	1,053	1,053
R^2	0.31	0.11	0.38	0.47
Adjusted R^2	0.30	0.11	0.38	0.47
Note:				*p<0.1; **p<0.05; ***p<0.01

Table 6: Effect of treatment on mediators. Agreement is coded as higher values for 'Trade hurts jobs', and as lower values for 'Trade helps status' and 'Trade lowers prices'.

	Dependent variable:					
	Trade hurts jobs		Trade helps status		Trade lowers prices	
	(1)	(2)	(3)	(4)	(5)	(6)
Trade Def. Treat.	0.36^{***}	0.39^{***}	0.33^{***}	0.33^{***}	0.03	0.04
	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)
Income [k]		-0.003^{***}		-0.001^{*}		-0.002^{**}
		(0.001)		(0.001)		(0.001)
Working		0.06		0.04		-0.10
		(0.07)		(0.07)		(0.07)
Patriot. Ind. [Scaled]		0.21^{***}		-0.07^{**}		0.06^{*}
		(0.03)		(0.03)		(0.03)
Republican		0.36^{***}		0.30^{***}		0.02
		(0.07)		(0.07)		(0.08)
Constant	-0.18^{***}	-0.16^{**}	-0.16^{***}	-0.19^{**}	-0.01	0.16^{**}
	(0.04)	(0.08)	(0.04)	(0.08)	(0.04)	(0.08)
Observations	1,053	1,053	1,053	1,053	1,053	1,053
R^2	0.03	0.13	0.03	0.04	0.0002	0.01
Adjusted R^2	0.03	0.12	0.03	0.04	-0.001	0.01
Note:						*p<0.1; **p<0.05; ***p<0.01

Table 7: Mediation analysis for concern with aggregate employment prospects.

	Estimate	95% CI Lower	95% CI Upper	p-value
ACME	0.209	0.149	0.267	0.0
ADE	0.001	-0.087	0.098	1.0
Total Effect	0.210	0.102	0.326	0.0
Prop. Mediated	0.997	0.679	1.880	0.0
Sample size used	1,053			
Simulations	100			

Table 8: Mediation analysis for concern with national status..

	Estimate	95% CI Lower	95% CI Upper	p-value
ACME	0.193	0.135	0.263	0.0
ADE	0.016	-0.060	0.131	0.8
Total Effect	0.209	0.107	0.333	0.0
Prop. Mediated	0.939	0.569	1.511	0.0
Sample size used	1,053			
Simulations	100			

Taken together, these results provide strong support for the claim that there is a causal relationship between current account balance and protectionist sentiments, and that this relationship is mediated both by a perception that deficits adversely affect prospects for employment, and by concern for national status.

Robustness Checks

A possible implication of Hypothesis 1 is that changes over time in the current-account balance should be reflected in changes in protectionism. This implication is challenging to test, because there is considerably more variation in both variables of interest – current-account balance and protectionism – across countries than over time. This can be seen by calculating the average value of protectionism within each country-year, and comparing the standard deviation for each country across years to the standard deviation for each year across countries, and then averaging over countries and years respectively. The average standard deviation of within-country average protectionism across years is 0.120, while the average standard deviation of within-year average protectionism across countries is 0.318 (scaled units). Similarly, the average standard deviation of current account balance calculated across years within countries is 2.79, while the average standard deviation calculated across countries within years is 4.29 (units of % GDP). This shows that there is more variation in protectionism and current-account balance across countries within a given year than across years within a given country, making it difficult to measure the effects of changes within-country over time. In addition, public opinion appears slow to respond to changes in the balance: when the contemporaneous balance is replaced in the regressions with its five-, ten-, or twenty-year moving average, the results are substantively unchanged (Table A.8). The difficulty of demonstrating the causal relationship cross-nationally motivates the survey-experimental approach also pursued in this paper.

The current account balance is related to other macroeconomic variables, such as the fiscal balance ("twin deficits"), the business cycle, and the level of trade openness. Moreover, current account deficits coincide with capital account surpluses that can occasion inflows of

foreign direct investment (FDI). To test whether one of these factors is driving the result, I add additional macroeconomic controls to the specification of the observational multilevel model, including unemployment (as a proxy for the business cycle), FDI inflows, government fiscal balance, and weighted average tariff rates. These variables, either separately or together, do not substantively affect the results, as shown in Table 9.

Table 9: Main results with Additional Macro Controls

	Protectionism [Scaled]				
	(1)	(2)	(3)	(4)	(5)
Current acct. balance [Scaled]	-0.207***	-0.208***	-0.219***	-0.219***	-0.172***
	(0.05)	(0.05)	(0.06)	(0.05)	(0.04)
Nat'l Chauvinism [Scaled]	0.225***	0.225***	0.228***	0.224***	0.227***
	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
Right-Party Vote [Scaled]	0.035	0.034	0.034	0.047**	0.047*
	(0.03)	(0.03)	(0.03)	(0.02)	(0.02)
GDP/c [Scaled]	-0.210***	-0.211***	-0.210***	-0.166**	-0.091**
	(0.05)	(0.05)	(0.05)	(0.07)	(0.04)
Female [Y/N]	0.191***	0.191***	0.194***	0.195***	0.199***
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Age [Yrs]	0.001	0.001	0.001	0.001	0.001
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Education [Yrs]	-0.014**	-0.014**	-0.014**	-0.014**	-0.014**
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Union [Y/N]	0.046	0.046	0.044	0.056	0.058
	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
Unemployed [Y/N]	0.078	0.078	0.078	0.081	0.081
	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)
Private Employer [Y/N]	0.048	0.048	0.051	0.057	0.060
	(0.09)	(0.09)	(0.09)	(0.09)	(0.09)
Top-bot. Self-placement [1-10]	-0.014	-0.014	-0.013	-0.012	-0.011
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Unemployment1	0.001				0.014
	(0.01)				(0.02)
FDI_In		-0.008			-0.015
		(0.02)			(0.02)
BudgetSurplus			0.006		0.001
			(0.02)		(0.01)
Tariffs				0.022	0.007
				(0.02)	(0.03)
ResourceRents					0.013
					(0.01)
GovConsum					-0.040***
					(0.01)
Constant	-0.143	-0.127	-0.155	-0.254	0.291
	(0.30)	(0.31)	(0.30)	(0.31)	(0.45)
Var(FE)	0.040	0.040	0.040	0.039	0.028
Var(Resid.)	0.716	0.716	0.712	0.706	0.702
Observations	31429	31429	30555	30333	29459

Standard errors in parentheses
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Another framework for understanding trade preferences is "embedded liberalization," the idea that free-trading states expand social safety nets to compensate individuals or sectors of society who are adversely affected by trade liberalization (Hays et al., 2005). A different possibility is that current-account balance, at least in my sample frame, could be driven by resource rents: perhaps high (low) commodity prices are causing resource-exporting states to run surpluses (deficits) in my data. To deal with these possibilities, I also include specifications in Table 9 in which government final consumption expenditures and resource rents are included. The result is unchanged.

Another concern relates to endogeneity. If policymakers are responsive to public opinion, then trade policy, and hence the current account balance, might be endogenous to protectionist sentiments. To deal with this concern, I will first point out that this effect should produce the *opposite* of the demonstrated result. If protectionism results in surplus-enhancing policies, then countries with more protectionist opinions should evince more positive current-account balances.[15] The opposite is the case. Second, Table 10 shows that countries whose citizens are more protectionist do not have higher tariffs, once we control for GDP per capita and population. This indicates that endogeneity between preferences and policies is not driving the result.[16]

[15]It could be the case that these protectionist policies backfire and turn the balance toward deficit. However, if this were driving the result, we would expect to see differences among tariffs among more- and less-protectionist countries, and we do not.

[16]I focused on tariffs rather than non-tariff barriers because the latter present challenges to measurement. However, again, if protectionism were driving current-account balances through NTB's, we would expect the coefficient of current account balance to have the *opposite* sign to what we find.

Table 10: Protectionism and Tariffs

	Dependent variable:		
	Tariffs [weighted mean applied rate]		
	(1)	(2)	(3)
Avg. Protectionism [scaled]	1.445*	−1.411	−0.366
	(0.839)	(1.047)	(1.069)
GDP/c [USD x1E3]		−0.054***	−0.066***
		(0.016)	(0.016)
Population [x1E6]		0.004**	0.004**
		(0.002)	(0.001)
Cur. acct. bal. [pct. GDP]			0.170***
			(0.057)
Constant	2.206***	3.425***	3.616***
	(0.266)	(0.481)	(0.463)
Observations	63	63	61
R^2	0.046	0.249	0.350
Adjusted R^2	0.031	0.211	0.304
Residual Std. Error	2.110 (df = 61)	1.904 (df = 59)	1.816 (df = 56)
F Statistic	2.968* (df = 1; 61)	6.525*** (df = 3; 59)	7.555*** (df = 4; 56)
Note:			*p<0.1; **p<0.05; ***p<0.01

One alternative explanation is that it is the gross level of *imports*, rather than the current account balance, that is driving the cross-national effect. This is related to work by Autor et al. (2014) showing that local exposure to (Chinese) imports is associated with poorer labor market outcomes. Alternatively, a high proportion of imports might betoken high dependence on trade, which could bear on individual attitudes. To check whether gross imports are driving the results, we run the main observational specification with gross imports of goods and services, as a percent of GDP, in place of (Table A.9) and in addition to (Table A.10) current-account balance. The former shows no relationship between imports and protectionism, while the latter actually shows a negative relationship. This indicates that gross imports — which enter negatively into the current account balance, and thus must have a positive sign to be responsible for the observed effect — are not driving the result.

Another potential explanation comes from the fact that the current account is the mirror image of the capital account: countries that run current account deficits are subject to commensurate inflows of foreign capital. These flows can leave the destination country vulnerable to sudden stops or reversals, which can trigger high interest rates, widespread defaults, and even banking crises. These concerns tend to be prevalent in developing countries, which are vulnerable to the effects of capital flight because of less-developed financial sectors and limited state resources (Brooks, 2003). To check whether concerns about capital flight are driving the result, we re-run the main observational specification while dropping the 25% and 50% of countries in the sample with the lowest GDP per capita. The results from limiting the sample to the richer subset (Appendix, Tables A.11 and A.12), are substantively the same as for the entire sample.

Conclusion

This study demonstrates a robust causal relationship between current-account deficits and individual-level protectionism. The experimental results demonstrate that the effect operates through concern about aggregate employment prospects and national status. This belief that deficits are detrimental because they damage employment prospects and national status is, by definition, mercantilistic. By showing that some individuals' preferences are influenced by beliefs that are outside the economic mainstream, this study suggests why theories based on neoclassical economic assumptions face limits in explaining policy preferences, in particular the backlash against the liberal economic order.

This points to the importance of understanding how economic ideas shape preferences. Much existing work in political economy[17] explores how preferences are determined by the effects of policies on particular outcomes, while assuming that individuals share the researchers' beliefs about the relationships between policies and outcomes (typically those predicted by workhorse economic models). Yet the present study demonstrates that many individuals' policy preferences are informed by a belief in causal relationships (in this case, that current account deficits are detrimental to aggregate outcomes, and can be addressed by protectionist measures) that are very different from those espoused by mainstream economic theory.[18]

[17]For example, the open-economy politics literature in IPE (Oatley, 2011), and the redistribution literature based on the Meltzer-Richard model, are emblematic of this paradigm.

[18]This issue is not limited to international political economy. Modern macroeconomic models (Ljungqvist and Sargent, 2004) rely on the assumption that agents base their decisions on rational expectations of the future, based on current conditions. All the agents base their prognostications on – what else? – the model itself; hence such models are called "recursive." Yet given the divergence of opinions within the macroeconomics profession itself regarding the relationships between policy choices and outcomes (Farrell and Quiggin, 2017), it is a leap to assume that all economic agents share the same causal model of how the world works, and moreover that this shared view is the correct one. Because the effects of policy changes or exogenous shocks are determined by the beliefs of economic actors (Lucas et al., 1976), it is crucial to understand the types of causal relationships that are subscribed to by political and economic agents.

Studies of the role of ideas tend to focus on the diffusion and effect of ideas among *policy-makers*, rather than individuals.[19] This point is noted by Hainmueller and Hiscox (2006), who suggest the importance of studying "the distribution of economic ideas among voters, and how this might be connected to policy preferences" (p. 473). It also echoes the insight of constructivism (Wendt, 1999) that "conceptions of interests arise endogenously from norms, ideologies, and causal beliefs" (Rodrik, 2014, p. 192). Yet the distribution of different economic ideas in the population, and their effects on voters' perceived interests and policy preferences, is not well understood (but see Barnes and Hicks (2018, 2021)).

Moreover, there is reason to believe that the prevalence of particular ideas is tied to cultural identities. The concept of cultural cognition (Kahan and Braman, 2006) holds that there is a "tendency to judge the credibility of factual claims on the basis of their congruence with one's social or political values" (Anderson, 2011, p. 145). In other words, sets of beliefs about causal relationships may be tied to ascriptive identities. Inverting the conception of ideas as "intellectual efforts to rationalize the behavioral patterns of individuals and groups" (North, 1981, p. 48), it seems likely that the behavioral patterns of groups are caused in part by causal beliefs that are tied to group identities.[20] Indeed, it would seem that those political entrepreneurs who have had the most success of late are those who have mobilized affectively compelling causal stories that are tied to cultural identities. Such causal narratives can be especially persistent in the face of countervailing evidence (Nyhan and Reifler, 2010).

These considerations point the way to future work on the incidence of mercantilist heuristics.

[19]Far-reaching discussions of the role of ideas in international relations include Goldstein and Keohane (1993) and Ruggie (1982). Treatments focusing on macroeconomic policy include Blyth (2007), Farrell and Quiggin (2017), Hall (1989), Lindvall (2009), Newman (2010), and Rodrik (2014). Bhagwati (1988), Goldstein (1988), and Ruggie (1998) study the role of ideas in trade protection policy.

[20]This idea echoes Akerlof and Kranton (2000), who argue that group identities are causally prior to particular modes of behavior.

Are these beliefs tied to particular cultural or ascriptive identities? The growing protectionism of both major American parties suggests that partisan affiliation may not be of primary importance. Instead, racial, gender, urban or rural, religious, white- or blue-collar, or other identities may be tied to mercantilist beliefs.

In addition to exploring the individual covariates of crypto-mercantilism, it is interesting to consider whether national-level variables might influence its prevalence. (Anderson, 2011) argues that anyone with web access and a secondary education should be in a position to evaluate the credibility of causal claims, and that the failure of the public to do so can occur because of irresponsible media coverage, segregation of social networks by partisan ideology, and cultural cognition. If mercantilism reflects an ignorance or rejection of legitimate expert opinion, then the empirical implications of Anderson's argument are that secondary education and web access should be negatively correlated with mercantilism on a cross-national basis, as should partisan segregation and cultural cognition.

By showing the influence of mercantilist worldviews on popular opinion, the present study contributes to the understanding that debates about policy are about competing *ideas* as much as competing interests. This points to the need for more research on how ideas are mobilized alongside associated ascriptive identities, or as part of integrated belief systems constituting holistic causal narratives about how the world works.

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Appendix: ISSP-WDI Observational Data

ISSP Variables

Table A.1: ISSP Variables, Summary Statistics

Statistic	N	Min	Median	Mean	Max	St. Dev.
Protectionism [Scaled]	82,745	−2.1	0.5	0.0	1.3	1.0
Nat'l Chauv'ism [Scaled]	77,991	−2.5	−0.1	−0.0	2.1	1.0
Right Party Vote [Scaled]	50,296	−2.0	0.04	0.0	2.0	1.0
Female [Y/N]	87,268	1	2	1.5	2	0.5
Age [Yrs]	86,851	15	46	46.7	112	17.4
Education [Yrs]	77,863	0	12	11.9	20	3.8
Union [Y/N]	78,696	0	0	0.4	1	0.5
Unemployed [Y/N]	84,776	0	0	0.1	1	0.3
Private Empl. [Y/N]	68,751	0	1	0.7	1	0.5
Top-bottom [1-10]	79,581	1	5	5.3	10	1.9
ISSP Weights	87,322	0.0	1.0	1.0	41.9	0.6
Country Weights	87,322	299.2	9,113.8	44,367.3	835,661.6	115,326.2

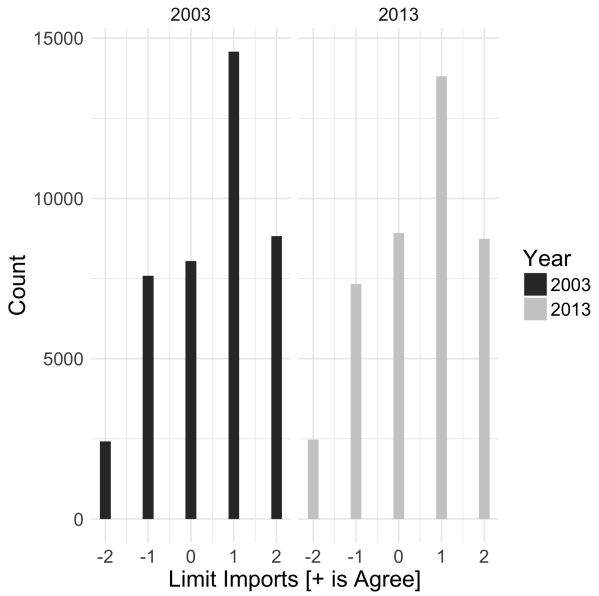

Figure A.1: Histogram of responses to "[country] should limit the import of foreign products in order to protect its national economy," by year.

World Bank Variables

Table A.2: World Bank Variables, Summary Statistics, 2003

Statistic	Code	N	Min	Median	Mean	Max	St. Dev.
CAB [% GDP]	BM.KLT.DINV.WD.GD.ZS	33	0.01	1.7	2.3	7.8	2.0
Pop. [x1E6]	SP.POP.TOTL	33	2.0	10.5	37.6	290.1	57.8
GDP/c [USD x1E3]	NY.GDP.PCAP.CD	33	1.0	21.5	21.3	50.1	15.1
Tariffs [%]	TM.TAX.MRCH.WM.AR.ZS	33	1.0	21.5	21.3	50.1	15.1
Imports [% GDP]	NE.IMP.GNFS.ZS	33	9.9	33.0	35.5	65.7	14.1
Reso. Rents [% GDP]	NY.GDP.TOTL.RT.ZS	33	0.001	0.5	2.2	19.2	4.6
Gov't Consum. [% GDP]	NE.CON.GOVT.ZS	33	10.2	18.9	18.7	26.0	4.1
Budget Surp. [% GDP]	GC.NLD.TOTL.GD.ZS	31	−7.2	−2.1	−1.6	8.2	3.2
Unemployment [%]	SL.UEM.TOTL.ZS	33	3.6	7.5	9.1	27.1	5.4
FDI In [% GDP]	BX.KLT.DINV.WD.GD.ZS	33	−3.8	2.1	2.8	13.6	3.0

Table A.3: World Bank Variables, Summary Statistics, 2013

Statistic	Code	N	Min	Median	Mean	Max	St. Dev.
CAB [% GDP]	BM.KLT.DINV.WD.GD.ZS	32	−4.5	1.7	1.8	15.7	3.2
Pop. [x1E6]	SP.POP.TOTL	32	0.3	10.2	82.3	1,278.6	227.8
GDP/c [USD x1E3]	NY.GDP.PCAP.CD	32	1.5	24.6	32.4	103.1	24.0
Tariffs [%]	TM.TAX.MRCH.WM.AR.ZS	32	0.0	1.0	1.8	6.9	1.8
Imports [% GDP]	NE.IMP.GNFS.ZS	32	16.6	39.6	47.7	89.6	22.1
Reso. Rents [% GDP]	NY.GDP.TOTL.RT.ZS	32	0.000	0.5	1.6	13.7	3.0
Gov't Consum. [% GDP]	NE.CON.GOVT.ZS	32	10.3	19.4	18.9	26.3	4.2
Budget Surp. [% GDP]	GC.NLD.TOTL.GD.ZS	31	−14.7	−1.9	−2.4	11.5	4.1
Unemployment [%]	SL.UEM.TOTL.ZS	32	3.1	8.2	9.5	26.1	5.6
FDI In [% GDP]	BX.KLT.DINV.WD.GD.ZS	32	−5.4	1.6	2.1	20.9	4.2

Table A.4: Macroeconomic data

	2003				2013			
Country	GPDc	CAB	POP	TARIFF	GPDc	CAB	POP	TARIFF
Australia	23,465	-6.28	19.90	3.73				
Austria	32,103		8.12	1.66				
Belgium					46,510	-0.30	11.18	1.04
Bulgaria	2,710	-4.85	7.78	1.66				
Canada	28,172	1.17	31.68	1.54				
Chile	4,788	-0.34	15.80	5.77				
Croatia					13,575	0.98	4.26	1.30
Czech Republic	9,741	-5.83	10.19	1.66	19,916	-0.53	10.51	1.04
Denmark	40,459	3.19	5.39	1.66	61,191	7.06	5.61	1.04
Estonia					19,030	-0.34	1.32	1.04
Finland	32,816	4.99	5.21	1.66	49,638	-1.60	5.44	1.04
France	29,691	0.86	62.24	1.66	42,554	-0.87	66	1.04
Georgia					4,274	-5.79	3.78	0.66
Germany	30,360	1.44	82.53	1.66	46,531	6.73	80.65	1.04
Hungary	8,396	-8.03	10.13	1.66	13,614	3.78	9.89	1.04
Iceland					47,810	6.05	0.32	1.06
India					1,452	-2.65	1,278.56	6.30

Table A.5: Macroeconomic data (2)

	2003				2013			
Country	GPDc	CAB	POP	TARIFF	GPDc	CAB	POP	TARIFF
Ireland	41,107		4	1.66	52,035	6.03	4.60	1.04
Israel	18,947	0.50	6.69	2.72	36,394	3.32	8.06	0.92
Japan	34,808	3.14	127.72	2.11	40,454	0.90	127.44	1.18
Korea, Rep.	14,209	1.75	47.89	8.13	25,890	6.22	50.43	6.90
Latvia	5,135	-7.22	2.29	1.66	15,032	-2.72	2.01	1.04
Lithuania					15,713	1.56	2.96	1.04
Mexico					10,299	-2.45	122.54	4.87
Netherlands	35,245	5.22	16.23	1.66				
New Zealand	21,914	-2.41	4.03	2.95				
Norway	50,112	12.11	4.56	0.41	102,910	10.22	5.08	1.09
Philippines	1,011	0.34	83.03	2.44	2,760	4.19	98.48	2.15
Poland	5,694	-2.52	38.20	1.66				
Portugal	15,773	-7.20	10.46	1.66	21,619	1.57	10.46	1.04
Russian Federation	2,975	7.70	144.65		15,544	1.50	143.51	6.25
Slovak Republic	8,697	-0.60	5.37	1.66	18,192	1.83	5.41	1.04
Slovenia	14,880	-0.73	2	1.66	23,150	4.81	2.06	1.04
South Africa	3,776	-0.88	46.42	4.53	6,877	-5.90	53.31	4.01
Spain	21,496	-3.87	42.19	1.66	29,210	1.52	46.62	1.04
Sweden	36,961	5.91	8.96	1.66	60,283	5.26	9.60	1.04
Switzerland	47,961	12.74	7.34	0	84,659	11.50	8.09	0
Turkey					12,543	-6.69	75.79	2.78
United Kingdom	34,008	-1.66	59.65	1.66	42,407	-4.41	64.13	1.04
United States	39,677	-4.53	290.11	1.80	52,787	-2.20	316.20	1.62
Uruguay	3,622	-0.72	3.33					
Venezuela, RB	3,233	14.11	25.87	12.75				

Alternate Specifications

Table A.6: Observational results: Current Account Balance and Protectionism. No Weights

	Dependent variable:		
	Protectionism [Scaled]		
	(1)	(2)	(3)
Current acct. balance [Scaled]	-0.179***	-0.0856**	-0.0933**
	(0.0342)	(0.0426)	(0.0441)
Nat'l Chauvinism [Scaled]		0.183***	0.195***
		(0.00414)	(0.00563)
GDP/c [Scaled]		-0.116***	-0.113***
		(0.0377)	(0.0395)
Female [Y/N]		0.135***	0.167***
		(0.00765)	(0.0104)
Age [Yrs]		0.00167***	0.00105***
		(0.000256)	(0.000364)
Education [Yrs]		-0.0263***	-0.0310***
		(0.00122)	(0.00167)
Union [Y/N]		0.0682***	0.0596***
		(0.00930)	(0.0125)
Unemployed [Y/N]		0.0128	0.0413*
		(0.0150)	(0.0240)
Top-bot. Self-placement [1-10]		-0.0335***	-0.0415***
		(0.00232)	(0.00325)
Right-Party Vote [Scaled]			-0.00433
			(0.00539)
Private Employer [Y/N]			-0.0450***
			(0.0117)
Constant	-0.0289	0.163***	0.320***
	(0.0337)	(0.0412)	(0.0571)
Var(FE)	0.0710	0.0578	0.0609
Var(Resid.)	0.890	0.816	0.808
Observations	80749	56705	31429

Standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Ordinary Least Squares with Cluster-robust Standard Errors

Table A.7: Main results: Current Account Balance and Protectionism

	Dependent variable:		
	Protectionism [Scaled]		
	(1)	(2)	(3)
Curr. acct. bal. [Scaled]	-0.278^{**}	-0.166^{***}	-0.190^{***}
	(0.122)	(0.041)	(0.047)
Nat'l Chauvinism [Scaled]		0.191^{***}	0.242^{***}
		(0.013)	(0.044)
Right-Party Vote [Scaled]			0.027
			(0.033)
GDP/c [Scaled]		-0.236^{***}	-0.187^{***}
		(0.060)	(0.052)
Female [Y/N]		0.077^{*}	0.193^{***}
		(0.042)	(0.031)
Age [Yrs]		0.001	0.00003
		(0.001)	(0.001)
Education [Yrs]		−0.002	-0.017^{**}
		(0.009)	(0.007)
Union [Y/N]		−0.137	−0.031
		(0.094)	(0.052)
Unemployed [Y/N]		0.037	0.074
		(0.061)	(0.068)
Private Employer [Y/N]			0.025
			(0.098)
Top-bot. Self-placement [1-10]		−0.003	−0.005
		(0.005)	(0.016)
Constant	0.177	0.049	0.172
	(0.115)	(0.080)	(0.211)
Observations	80749	56705	31429
Note:			*p<0.1; **p<0.05; ***p<0.01

Over-Time Results

Table A.8: Moving Avg. Curr. Acc't Bal. and Protectionism

	Dependent variable:		
	Protectionism Index [Scaled]		
	(1)	(2)	(3)
CAB, 5-yr Mov. Avg. [Scaled]	-0.206***		
	(0.0470)		
CAB, 10-yr Mov. Avg. [Scaled]		-0.174***	
		(0.0438)	
CAB, 20-yr Mov. Avg. [Scaled]			-0.123**
			(0.0508)
Nat'l Chauvinism [Scaled]	0.171***	0.169***	0.161***
	(0.0125)	(0.0124)	(0.0119)
GDP/c [Scaled]	-0.240***	-0.259***	-0.254***
	(0.0571)	(0.0670)	(0.0645)
Female [Y/N]	0.0758**	0.0729**	0.0619*
	(0.0367)	(0.0364)	(0.0363)
Age [Yrs]	0.00292***	0.00290***	0.00248***
	(0.000632)	(0.000636)	(0.000714)
Education [Yrs]	0.00260	0.00273	0.00398
	(0.00738)	(0.00730)	(0.00638)
Union [Y/N]	-0.0885	-0.0846	-0.0986
	(0.104)	(0.109)	(0.126)
Unemployed [Y/N]	0.0172	0.0168	0.0112
	(0.0510)	(0.0512)	(0.0554)
Top-bot. Self-placement [1-10]	-0.0133***	-0.0131***	-0.0125***
	(0.00435)	(0.00430)	(0.00428)
Constant	-0.106*	-0.0483	-0.00810
	(0.0593)	(0.0589)	(0.0662)
Var(FE)	0.0356	0.0411	0.0390
Var(Resid.)	0.720	0.715	0.696
Observations	55869	53953	40397
Note:			*p<0.1; **p<0.05; ***p<0.01

Fig. A.2, displaying current-account balance and average protectionism in Germany from 1990 to 2015 and including the three ISSP waves, shows one example of a country in which changes protectionist sentiment appear to mirror changes in current-account balance. We see that the German current-account balance transitions from a slight deficit, in the wake of reunification, to a large and growing surplus after 2000. Correspondingly, we note a modest decrease in protectionism between the 1995 to 2003 survey waves, followed by a larger decrease from 2003 to 2013. This case provides an example of a country in which an increase in current-account balance corresponds to a decrease in protectionist sentiment, as the theory would suggest.

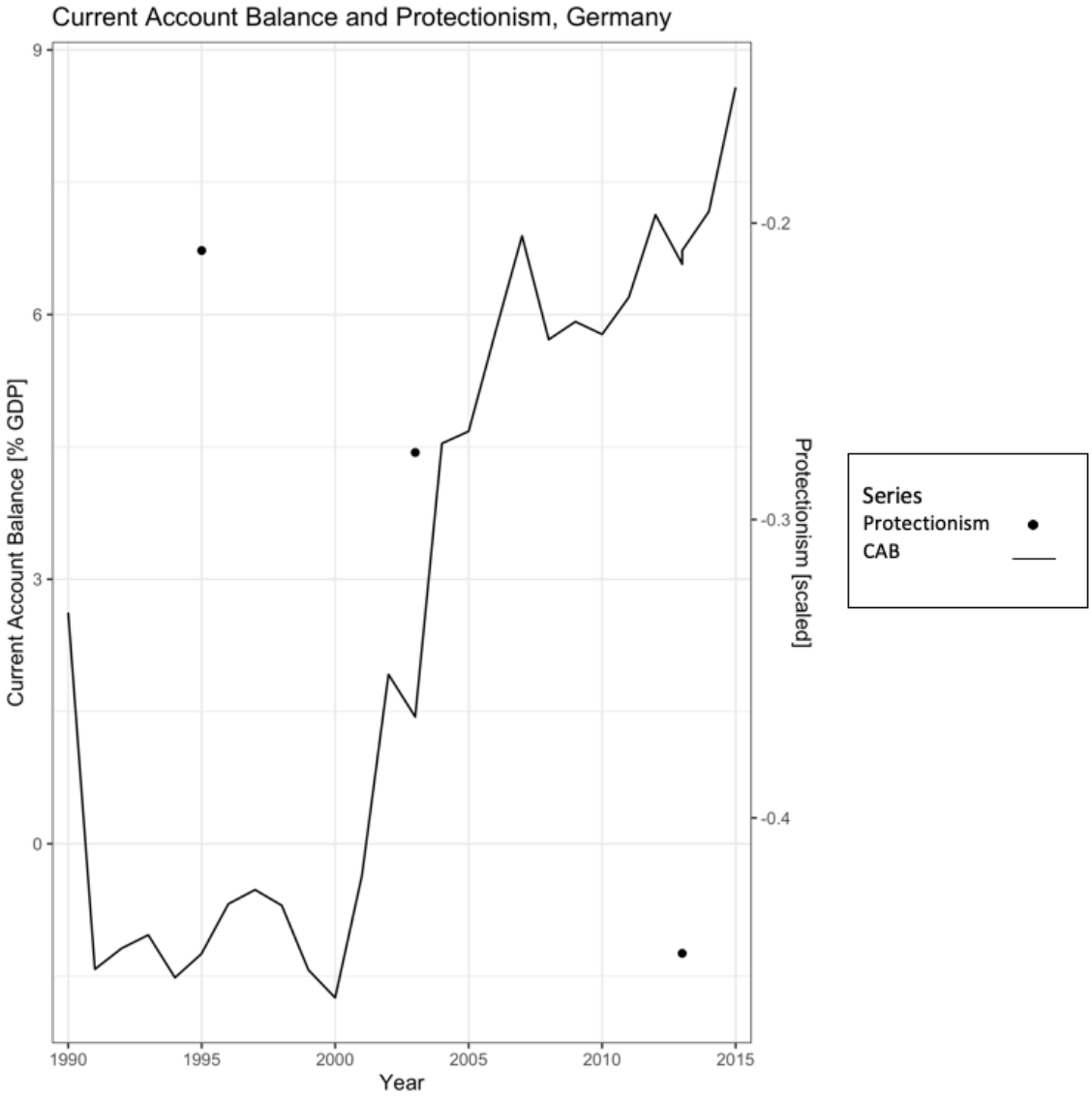

Figure A.2: German average protection and current-account balance over time.

Additional Regression Results

Table A.9: Imports and Protectionism

	Dependent variable:	
	Protectionism [Scaled]	
	(1)	(2)
Imports % GDP [Scaled]	0.0106	-0.110**
	(0.0676)	(0.0537)
Nat'l Chauvinism [Scaled]		0.226***
		(0.0418)
Right-Party Vote [Scaled]		0.0348
		(0.0263)
GDP/c [Scaled]		-0.280***
		(0.0564)
Female [Y/N]		0.191***
		(0.0239)
Age [Yrs]		0.00119
		(0.000796)
Education [Yrs]		-0.0145**
		(0.00580)
Union [Y/N]		0.0441
		(0.0364)
Unemployed [Y/N]		0.0776
		(0.0548)
Private Employer [Y/N]		0.0479
		(0.0876)
Top-bot. Self-placement [1-10]		-0.0141
		(0.0171)
Resource Rents [Pct. GDP]		-0.00915
		(0.00943)
Constant	0.237	-0.132
	(0.147)	(0.299)
Var(FE)	0.159	0.0530
Var(Resid.)	0.772	0.717
Observations	82745	32358
Note:	*p<0.1; **p<0.05; ***p<0.01	

Table A.10: Imports and Protectionism

	Dependent variable:	
	Protectionism [Scaled]	
	(1)	(2)
Current acct. balance [Scaled]	-0.286**	-0.203***
	(0.119)	(0.0595)
Imports	(0.0567)	(0.0477)
Nat'l Chauvinism [Scaled]		0.225***
		(0.0420)
Right-Party Vote [Scaled]		0.0346
		(0.0265)
GDP/c [Scaled]		-0.209***
		(0.0543)
Female [Y/N]		0.191***
		(0.0240)
Age [Yrs]		0.00121
		(0.000797)
Education [Yrs]		-0.0144**
		(0.00581)
Union [Y/N]		0.0455
		(0.0367)
Unemployed [Y/N]		0.0784
		(0.0552)
Private Employer [Y/N]		0.0483
		(0.0880)
Top-bot. Self-placement [1-10]		-0.0139
		(0.0171)
Resource Rents [Pct. GDP]		0.00557
		(0.0106)
Constant	0.171*	-0.179
	(0.0984)	(0.299)
Var(FE)	0.117	0.0388
Var(Resid.)	0.771	0.716
Observations	80749	31429
Note:	*p<0.1; **p<0.05; ***p<0.01	

Table A.11: Main specification, dropping countries in lowest GDPc quartile

	Dependent variable:	
	Protectionism [Scaled]	
	(1)	(2)
Current acct. balance [Scaled]	-0.214***	-0.272***
	(0.0380)	(0.0333)
Nat'l Chauvinism [Scaled]		0.205***
		(0.0105)
Right-Party Vote [Scaled]		0.0191
		(0.0201)
GDP/c [Scaled]		-0.00255
		(0.0552)
Female [Y/N]		0.218***
		(0.0217)
Age [Yrs]		0.00170***
		(0.000600)
Education [Yrs]		-0.0362***
		(0.00390)
Union [Y/N]		0.0662
		(0.0488)
Unemployed [Y/N]		0.141***
		(0.0425)
Private Employer [Y/N]		-0.0482**
		(0.0189)
Top-bot. Self-placement [1-10]		-0.0335***
		(0.00778)
Constant	-0.104***	0.206**
	(0.0378)	(0.104)
Var(FE)	0.0287	0.0413
Var(Resid.)	0.888	0.774
Observations	58578	25674
Note:	*p<0.1; **p<0.05; ***p<0.01	

Table A.12: Main results, dropping countries in lower half of GDPc

	Dependent variable:	
	Protectionism [Scaled]	
	(1)	(2)
Current acct. balance [Scaled]	-0.227***	-0.296***
	(0.0385)	(0.0298)
Nat'l Chauvinism [Scaled]		0.205***
		(0.0131)
Right-Party Vote [Scaled]		0.0273
		(0.0248)
GDP/c [Scaled]		0.102**
		(0.0446)
Female [Y/N]		0.239***
		(0.0164)
Age [Yrs]		0.00152**
		(0.000727)
Education [Yrs]		-0.0380***
		(0.00408)
Union [Y/N]		0.0647
		(0.0604)
Unemployed [Y/N]		0.157***
		(0.0437)
Private Employer [Y/N]		-0.0522**
		(0.0234)
Top-bot. Self-placement [1-10]		-0.0394***
		(0.00762)
Constant	-0.138***	0.152
	(0.0374)	(0.130)
Var(FE)	0.0243	0.0383
Var(Resid.)	0.884	0.766
Observations	39774	18709
Note:	*p<0.1; **p<0.05; ***p<0.01	

Table A.13: Robustness check: Omit ISSP weights

	Dependent variable:	
	Protectionism [Scaled]	
	(1)	(2)
Current acct. balance [Scaled]	-0.268^{**}	-0.191^{***}
	(0.113)	(0.046)
National Chauvinism [Scaled]		0.225^{***}
		(0.034)
Right Party Vote [Scaled]		0.013
		(0.027)
GDP/c [Scaled]		-0.152^{***}
		(0.052)
Female [Y/N]		0.154^{***}
		(0.033)
Age [Yrs]		0.002^{***}
		(0.001)
Education [Yrs]		-0.018^{**}
		(0.008)
Union [Y/N]		-0.050
		(0.053)
Unemployed [Y/N]		0.122^{***}
		(0.028)
Private Employer [Y/N]		-0.025
		(0.065)
Top-bottom Self-placement [1-10]		-0.013
		(0.009)
Constant	0.167	0.195
	(0.107)	(0.165)
Observations	80749	31429
Note:	*p<0.1; **p<0.05; ***p<0.01	

Table A.14: Robustness check: Omit country weights

	Dependent variable:	
	Protectionism [Scaled]	
	(1)	(2)
Current acct. balance [Scaled]	-0.180^{***}	-0.125^{***}
	(0.034)	(0.045)
National Chauvinism [Scaled]		0.190^{***}
		(0.021)
Right Party Vote [Scaled]		0.001
		(0.020)
GDP/c [Scaled]		-0.079^{*}
		(0.048)
Female [Y/N]		0.172^{***}
		(0.022)
Age [Yrs]		0.001
		(0.001)
Education [Yrs]		-0.032^{***}
		(0.004)
Union [Y/N]		-0.048
		(0.044)
Unemployed [Y/N]		0.066
		(0.069)
Private Employer [Y/N]		-0.050^{***}
		(0.019)
Top-bottom Self-placement [1-10]		-0.044^{***}
		(0.011)
Constant	-0.0004	0.511^{***}
	(0.040)	(0.105)
Observations	80749	31429
Note:	*p<0.1; **p<0.05; ***p<0.01	

Table A.15: Robustness check: Omit all weights

	Dependent variable:	
	Protectionism [Scaled]	
	(1)	(2)
Current acct. balance [Scaled]	-0.180^{***}	-0.125^{***}
	(0.034)	(0.044)
National Chauvinism [Scaled]		0.188^{***}
		(0.021)
Right Party Vote [Scaled]		0.001
		(0.019)
GDP/c [Scaled]		-0.078
		(0.048)
Female [Y/N]		0.164^{***}
		(0.024)
Age [Yrs]		0.002^{**}
		(0.001)
Education [Yrs]		-0.030^{***}
		(0.004)
Union [Y/N]		-0.052
		(0.045)
Unemployed [Y/N]		0.094^{*}
		(0.055)
Private Employer [Y/N]		-0.053^{***}
		(0.016)
Top-bottom Self-placement [1-10]		-0.042^{***}
		(0.011)
Constant	0.001	0.458^{***}
	(0.039)	(0.095)
Observations	80749	31429
Note:	*p<0.1; **p<0.05; ***p<0.01	

Appendix: MTurk Survey Experiment

Original MTurk Experiment Variables

Table B.1: MTurk Experiment Variables, Summary Statistics

Statistic	N	Min	Median	Mean	Max	St. Dev.
Treated	1,054	0	0	0.5	1	0.5
Income [k]	1,054	10	45	56.9	150	37.2
Employed	1,054	0	1	0.7	1	0.4
Private Employer	788	0	1	0.6	1	0.5
Patriotism	1,054	−4.0	0.1	−0.0	1.9	1.0
Republican	1,054	0	0	0.3	1	0.4
Discourage Trade	1,054	1	2	2.3	5	1.0
Worse Off	1,054	1	2	2.6	5	1.0
Incr. Exports	1,053	−1	1	0.3	1	0.8
Prot'ism Index [scaled]	1,053	−2.0	−0.01	0.0	2.6	1.0
Harder jobs	1,054	1	3	3.2	5	1.1
Reduces prices	1,054	1	2	2.1	5	0.9
Country stronger	1,054	1	2	2.3	5	1.0

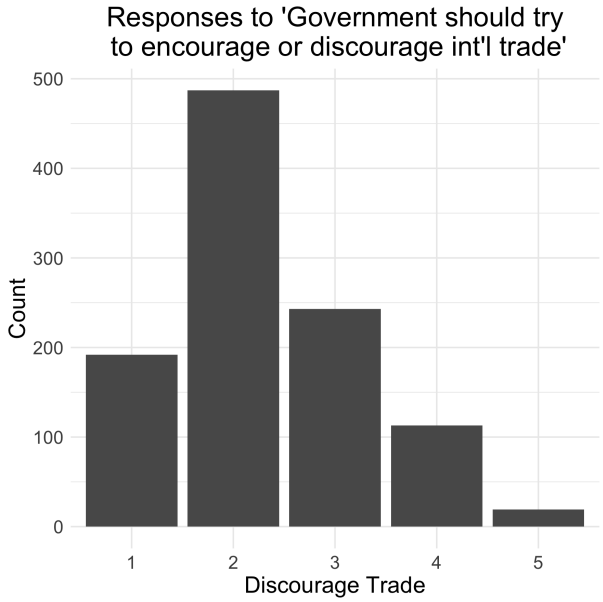

Figure B.1: Responses to survey question "Do you think the government should try to encourage international trade or to discourage international trade?" 1 indicates "Encourage strongly"; 5 indicates "Discourage strongly."

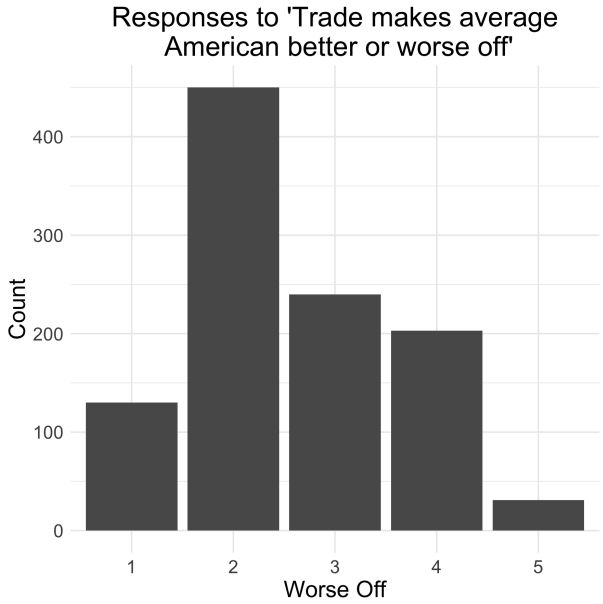

Figure B.2: Responses to survey question "Do you think that growing trade and business ties of the United States with other countries have made the average American better or worse off?" 1 indicates "Much better off"; 5 indicates "Much worse off."

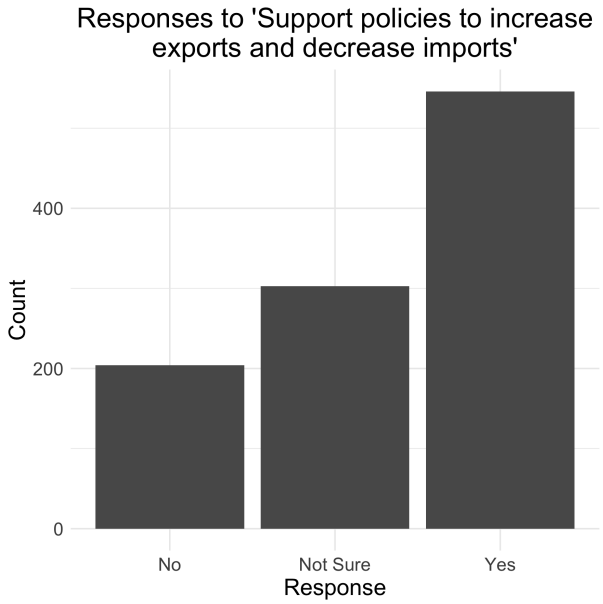

Figure B.3: Responses to survey question "Do you think that the government should adopt policies to increase exports of American-made products, and to decrease imports of foreign-made products?'

Additional Mediation Results

Table B.2: Mediation analysis with main (National Status) and alternate (Aggregate Employment) mediators.

	Trade hurts jobs		
	Estimate	95% CI Lower	95% CI Upper
ACME (treated)	0.1392	0.0827	0.20
ACME (control)	0.1535	0.0926	0.21
ACME (average)	0.1464	0.0904	0.20
ADE (treated)	0.0593	-0.0390	0.16
ADE (control)	0.0735	-0.0252	0.17
ADE (average)	0.0664	-0.0305	0.16
Total Effect	0.2127	0.1008	0.34

Table B.3: Mediation analysis for effect of trade on prices.

	Estimate	95% CI Lower	95% CI Upper	p-value
ACME	0.006	-0.017	0.029	0.66
ADE	0.200	0.102	0.326	0.00
Total Effect	0.206	0.101	0.332	0.00
Prop. Mediated	0.028	-0.091	0.169	0.66
Sample size used	1,053			
Simulations	100			